

SUMMARY ANALYSIS OF AMENDED BILL

Author: Ridley-Thomas Analyst: Nicole Kwon Bill Number: AB 2831
 Related Bills: See Legislative History Telephone: 845-7800 Introduced Date May 26, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Community Development Financial Institution Credit/Extend Repeal Date To January 1, 2017 And Make Changes To Certification

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 24, 2006,
X STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would make changes to the Community Development Financial Institution (CDFI) Credit including extending the repeal date.

SUMMARY OF AMENDMENTS

The May 26, 2006, amendments eliminated the provision setting a limit on the amount of total qualified investment certified in any calendar year from any one CDFI to the lesser of either \$10 million, 40 percent of the authorized annual aggregate qualified investments, or an amount determined by the Insurance Commissioner. The amendments also eliminated the increase to the limits of the aggregate amount of qualified deposits made by all taxpayers and reinstated the \$10 million limit for each calendar year. The revenue estimate from the department's previous analysis is provided below for convenience. The remainder of the department's analysis of the bill as introduced February 24, 2006, still applies.

POSITION

Pending.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA _____ X PENDING

Legislative Director

Date

Brian Putler

6/9/06

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, the Personal Income Tax (PIT) and Corporation Tax revenue loss from this bill would be as follows:

Estimated Revenue Impact of AB 2831 Effective On Or After January 1, 2006 Enactment Assumed After June 30, 2006			
	2005-06	2006-07	2007-08
Community Investment	-\$500,000	-\$500,000	-\$500,000

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Revenue Discussion

The revenue impact of this bill would be determined by the amount of qualified investments in CDFI located within California.

Maximum qualified investments in any calendar year remain limited to the aggregate of \$10 million. Since 1999, credit usage has varied dramatically, from \$21,000 to \$1.4 million. Over the last five years, usage has averaged around \$500,000 in PIT and Corporation tax combined. It is assumed, therefore, that losses in the future years will be around \$500,000 annually.

LEGISLATIVE STAFF CONTACT

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